

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

---

In re: )  
CELSIUS NETWORK LLC, et al.,<sup>1</sup> ) Chapter 11  
Debtors. ) Case No. 22-10964 (MG)  
 ) (Jointly Administered)  
 )

---

**OBJECTION**

Now comes the Vermont Department of Financial Regulation (Vermont), through counsel, and objects to the Debtors' Motion to Sell Stablecoin in the Ordinary Course and for related relief. DE# 832 (the "Motion"). In support of this objection, Vermont states as follows:

**INTRODUCTION**

1. The above-captioned Celsius debtors ("Debtors") commenced these bankruptcy cases by filing voluntary Chapter 11 petitions on July 13, 2022 ("Petition Date").
2. Debtors continue to operate their businesses as Debtors in possession pursuant to 11 U.S.C. §§ 1107 and 1108. The cases are being jointly administered pursuant to an Order of this Court dated July 19, 2022. DE # 53.
3. Debtors have not yet filed their schedules and statements.
4. On August 19, 2022, the first meeting of creditors was commenced pursuant to 11 U.S.C. § 341 (the "341 Meeting").
5. On August 18, 2022, the United States Trustee filed a Motion for Entry of an Order Directing the Appointment of an Examiner (the "Examiner Motion"). On September 14, 2022, this Court entered an Order directing the United States Trustee to appoint an examiner. DE #820. On September 29, 2022, the United States Trustee filed a Notice of Appointment. DE #920. The Court has entered an Order Appointing an Examiner. DE #923.

---

<sup>1</sup> Debtors include Celsius Network LLC, Celsius KeyFi LLC, Celsius Lending LLC, Celsius Mining LLC, Celsius Network Limited, Celsius Networks Lending LLC, and Celsius U.S. Holding LLC. The Debtor's principal place of business is 121 River Street, PH05, Hoboken, New Jersey 07030.

**THE RELIEF REQUESTED IS UNCLEAR AND CREATES RISK THAT DEBTORS WILL RESUME ACTIVITIES WHICH VIOLATE STATE LAW**

6. As of the Petition Date, at least 40 state securities regulators were engaged in a multistate investigation arising from, *inter alia*, concerns about potential unregistered securities activity, mismanagement, securities fraud, and market manipulation by Celsius and its principals. At least six of those states had taken regulatory enforcement action against Celsius as of the Petition date, and several more states have done so since then.<sup>2</sup>

7. Through the Motion, Debtors seek broad and ambiguous relief. They seek to “sell and/or exchange any Stablecoin, whether currently held or received in the future, consistent with prior practice,” ostensibly in an effort to generate liquidity. It is not at all clear what the debtors intend to do with the proceeds of any such sales, whether the relief requested extends to Stablecoin-denominated assets such as retail loans to consumers, and the degree to which Debtors’ use of sale proceeds will be supervised by the Court.

8. To the extent Debtors’ planned activities include the offer or sale of securities in Vermont or the exchange of money, Debtors cannot proceed lawfully without appropriate securities registration and/or licensure as a money transmitter.<sup>3</sup>

9. Vermont objects to the relief requested by the Motion to the extent it creates the risk Debtors will resume operating in violation of state law and in violation of the Cease-and-Desist Order entered by Vermont on August 12, 2022.

10. Vermont objects to the relief requested by the Motion to the extent the Debtors intend to use the proceeds of sale to pay intercompany loans or for other impermissible purposes.

**OWNERSHIP AND STATUS OF CRYPTO ASSETS REMAINS UNCLEAR**

11. This Court has not yet determined whether and to what extent various classes of crypto assets held by the Debtors are property of the bankruptcy estate. As a result, it is premature to permit the Debtors to sell or exchange such assets.

---

<sup>2</sup> On August 12, 2022, Vermont issued an *ex parte* order directing Celsius to cease and desist the offer and sale of Celsius Earn Accounts to Vermont residents.

<sup>3</sup> This Court also cannot confirm a plan which calls for business activity in violation of state law. 11 U.S.C. § 1129(a)(3).

**CONCLUSION**

For all of the reasons stated herein, Vermont respectfully requests the Court deny the Debtors' Motion to Sell Stablecoin and for related relief.

Dated: September 29, 2022

Vermont Department of Financial Regulation

By: /s/ Jennifer Rood  
[Jennifer.rood@vermont.gov](mailto:Jennifer.rood@vermont.gov)